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JH

4 Attorney for Trustee

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UNITED STATES BANKRUPTCY COURT

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DISTRICT OF IDAHO

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8 In Re:	)	Case No. 95-03264-7
	)	
9 LAKE CITY R.V., INC.,	)	TRUSTEE'S STATEMENT
	)	REGARDING ERICKSON CLAIM
10 Debtor,	)	
_____	)	

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12 COMES NOW Ford Elsaesser, Trustee, by and through  
13 H. JAMES MAGNUSON, his attorney of record, and in response to the  
14 Court regarding claims against the Ericksons states as follows:

- 15 1. The Trustee reviewed the Statement of Financial Affairs  
16 of the Debtor. The Statement indicated a transfer to  
17 Dave and Audrey Erickson on July 19, 1995. According to  
18 the statement, land, equipment and a canopy business  
19 with a net value of \$21,966.95 was transferred. Based  
20 upon the Statement any such transfer would not be an  
21 avoidable preferential transfer under 11 U.S.C.  
22 §547(b)(4).
- 23 2. The Trustee obtained and reviewed checks from the Lake  
24 City R.V. business account. Five checks were written to  
25 Audrey Erickson dated within the 90-day preference  
26 period. On August 22, 1996 the Trustee's lawyer wrote  
27 Erickson regarding information for the five payments.  
28 Audrey Erickson replied by letter dated August 27, 1996.

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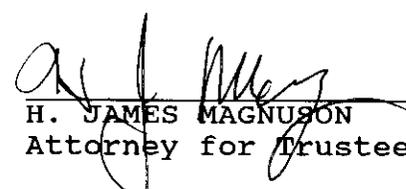
1           Based upon information obtained, the Trustee elected not  
2           to pursue a claim on these transfers as a portion of the  
3           transfers were for payment of rent to Erickson for the  
4           Debtor's business, payment on a note which appeared in  
5           the ordinary course of business, payment on what  
6           appeared to be secured debt and payment under another  
7           financial arrangement which amounts were not  
8           significant.

9           3.   The Trustee was recently made aware of allegations that  
10          property including canopy units, camper units, parts and  
11          inventory were transferred by the Debtor to the  
12          Ericksons several weeks before the Debtor filed. The  
13          Trustee did not discover these transfers in earlier  
14          administration of the estate or in reviewing the paucity  
15          of records obtained by the Trustee after the Debtor  
16          filed. It is the Trustee's position that the transfers  
17          to the Ericksons should be credited against the claim of  
18          the Ericksons. Based upon Trustee's experience with the  
19          Ericksons in this proceeding, it is expected that any  
20          preferential claim would be fully litigated. Any claim  
21          would be subject to defenses including 11 U.S.C.  
22          §546(a)(1). Assuming that the Trustee prevailed in  
23          obtaining a judgment in the range of \$30,000.00, any  
24          benefit, would accrue primarily to the largest unsecured  
25          creditor which is the Ericksons assuming the Gales  
26          unsecured claim is invalid. In light of the hazards  
27          attendant with litigation as well as costs, creditors  
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would be served better by moving to close the estate and  
distribute the substantial recoveries made.

DATED this 13 day of April, 2000.

  
H. JAMES MAGNUSON  
Attorney for Trustee

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the  
foregoing TRUSTEE'S STATEMENT REGARDING ERICKSON CLAIM was mailed  
by first class prepaid mail on the 13 day of April, 2000 to:

Mr. Malcolm Dymkoski  
Attorney at Law  
111 N. 2nd, Ste 202  
Coeur d'Alene, Idaho 83814

Dave and Audrey Erickson  
W. 8224 Stach Rd  
Coeur d'Alene, Idaho 83814

  
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